

**CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING ADVISORY COMMISSION
INDUSTRIAL DEVELOPMENT BONDS**

Meeting Date: May 28, 2008

***Request for Approval of Initial and Final Resolution and Tax Exempt and Taxable Bond
Allocation***

Prepared by: *Deanna Hamelin*

Issuer:	California Enterprise Development Authority (CEDA)	Amount Requested:	\$10,000,000 TE \$3,300,000 TX
Borrower:	Sconza Properties, LLC and/or affiliates	Application No.:	08-0010
User:	Sconza Candy Co. and/or affiliates	IR & FR No.:	08-0010
Location:	City of Oakdale (Stanislaus County)	Allocation Resolution No.:	08-0010A

Borrower/User/Background: Sconza Properties, LLC (the “Borrower”) and Sconza Candy Co. (the “Company” or “User”) were incorporated on December 6, 2006 and August 3, 1964, respectively. The Company is owned by James and Carolyn Sconza. It manufactures candy, including chocolate-, carob- and yogurt-covered nuts and fruits, and sugar- and dextrose-coated nuts and candies.

The Company has a large customer base throughout the 50 states, Puerto Rico, Canada and Mexico. It also exports a small percentage of its products to countries in Asia, Central and South America, and Europe. The Company generally sells its candy products to supermarket chains, drug stores, club stores, gift and specialty stores and wholesale distributors, including Costco, Trader Joe’s, Bristol Farms, Save Mart, Filene’s Basement, and Harry & David’s.

Project Information: The Company’s existing facilities in the City of Oakland, where it has operated for 41 years, have reached their maximum capacity. In order to accommodate current operations and future growth, the Company acquired the vacant Hershey Chocolate and Confectionary Corp. (Hershey’s) manufacturing facility in the City of Oakdale, which is located within a state-designated Enterprise Zone. The Borrower will use bond proceeds to cover costs of acquiring the former Hershey’s plant and the land on which the plant is located, renovating the existing facilities, and acquiring and installing equipment.

Anticipated Timeline: The Borrower completed its purchase of the Hershey’s plant on May 2, 2008. The Company began renovating the plant immediately, and expects to complete the renovations by October 1, 2008. The Borrower will purchase and install equipment during the renovation period.

Prior Actions/Financing: None.

Statutory Criteria: 1) Public Benefits, 2) Relocation and 3) Bond Issue Qualification. Staff has awarded points based on its evaluation of the Project under CDLAC guidelines. Not all statutory criteria are part of the CDLAC point scheme.

PUBLIC BENEFITS: Consistent with CDLAC guidelines, staff awarded the Project a total of 50 verifiable points. Five of the 50 points assigned are based upon the creation of jobs. The Company currently employs 90 individuals in California, and it expects to hire an additional 160 employees within two years of Project completion.

RELOCATION OF COMPANY OPERATIONS (No point evaluation required):

The Company is relocating from the City of Oakland to the City of Oakdale. The Company provided a letter from the City of Oakland Business Community and Economic Development Agency in which a Manager of the City's Business Development Services states that, in its efforts to find a suitable location that would accommodate the Company's growth, the Company was unable to find an expansion site in Oakland. The Manager states in her letter that the City of Oakland nonetheless is pleased to see that the family-owned Sconza Candy Co. will remain in California. (See Attachment A.)

QUALIFICATION OF BOND ISSUANCE (No point evaluation required): Based on the proposed finance structure, and the application and other materials submitted to CIDFAC for the proposed Project, staff believes the bonds that will be issued in connection with the Project: (a) will be adequately secured; (b) will be fair, just and equitable to a purchaser of the bonds; and (c) will not work a fraud upon the bond purchaser. Staff's final determination of qualification of the bonds will be subject to its review of final bond documents prior to the issuance of bonds.

Status Of Permit/Other Required Approvals:

- On April 23, 2008, CEDA adopted a reimbursement resolution in an amount not to exceed \$10,000,000 to induce the Project. On May 13, 2008, CEDA adopted a final resolution in an amount not to exceed \$10,000,000 in tax-exempt bonds and \$3,300,000 taxable bonds.
- A TEFRA hearing was held by the City of Oakdale on April 21, 2008.
- The Project involves the acquisition of a 70 acre parcel of land and buildings that is zoned for limited manufacturing uses. The Company's operations do not require additional land use or zoning approvals or permits. The City of Oakdale's letter confirming that no additional land use or zoning approvals or permits are required for the Sconza facility is attached. (See Attachment A.)

Financing Details: The tax-exempt and taxable IDBs will be sold in a public offering. The bonds will be variable rate, repayable over a 25-year period, and will be secured by an irrevocable Letter of Credit issued by Wells Fargo Bank, N. A.

CIDFAC Fees:

In accordance with CIDFAC regulations¹, the Borrower has paid or will pay CIDFAC an application fee of \$1,250 and a closing fee of up to \$25,000.

¹California Code of Regulations Title 10, Chapter 8, Article 3, §6070

Financing team:

Issuer: CEDA
Bond Counsel: Lofton & Jennings
Underwriter: Westhoff, Cone & Holmstedt
Financial Advisor: Progressive Capital
Credit Enhancement Provider: Wells Fargo Bank, N. A.

Legal Questionnaire: Staff reviewed the Borrower/User's responses to the questions contained in the Legal Status portion of the Application. The responses did not disclose any information that raises questions concerning the financial viability or legal integrity of the companies.

Recommendation: Staff recommends approval of Initial and Final Resolution No. 08-0010 for an amount equal to \$10,000,000 in tax-exempt bonds and \$3,300,000 in taxable bonds and Allocation Resolution No. 08-0010A for an amount equal to \$10,000,000 in tax-exempt IDB allocation for the Issuer for the Sconza Candy Co. Project, subject to staff analysis and approval of final bond documents, and receipt of bond counsel's opinion, as set forth in Initial and Final Resolution No. 08-0010.

SCONZA CANDY CO.

Bond Amount: \$10,000,000 TE

\$3,300,000 TX

City of Oakdale (Stanislaus County)

Application No. 08-0010

May 28, 2008

STAFF SUMMARY – CIDFAC

Prepared by: *Deanna Hamelin*

ISSUE:

On behalf of Sconza Properties, LLC (the “Borrower”) and Sconza Candy Co. (the “Company” or “User”), the California Enterprise Development Authority (“CEDA” or the “Issuer”) requests approval of the Initial and Final Resolution No. 08-0010 for an amount equal to \$10,000,000 in tax-exempt bonds and \$3,300,000 in taxable bonds and Allocation Resolution No. 08-0010A for an amount equal to \$10,000,000 in tax-exempt IDB allocation. Bond proceeds will be used for the acquisition of land, renovation of existing buildings, and the acquisition and installation of equipment.

BORROWER/USER: Sconza Properties, LLC (the “Borrower”) and Sconza Candy Co. (the “Company” or “User”) were incorporated on December 6, 2006 and August 3, 1964, respectively. The Company is owned by James and Carolyn Sconza. It manufactures candy, including chocolate-, carob-, and yogurt-covered nuts and fruits, and sugar- and dextrose-coated nuts and candies.

The Company has a large customer base throughout the 50 states, Puerto Rico, Canada and Mexico. It also exports a small percentage of its products to countries in Asia, Central and South America, and Europe. The Company generally sells its candy products to supermarket chains, drug stores, club stores, gift and specialty stores and wholesale distributors. Its customers include Costco, Trader Joe’s, Bristol Farms, Save Mart, Filene’s Basement, and Harry & David’s.

Legal Questionnaire. Staff reviewed the Borrower’s/User’s responses to the questions contained in the Legal Status portion of the Application. They did not disclose any information that raises questions concerning the financial viability or legal integrity of the Company.

Prior Actions and Financings. None.

PROJECT INFORMATION:

The Company’s existing facilities in the City of Oakland, where it has operated for 41 years, have reached their maximum capacity. In order to accommodate current operations and future growth, the Company acquired the vacant Hershey Chocolate and Confectionary Corp. (Hershey’s) manufacturing facility in the City of Oakdale, which is located within a state-designated Enterprise Zone. The Company will use bond proceeds to cover costs of acquiring the

former Hershey’s plant and the land on which the plant is located, renovating the existing facilities, and acquiring and installing equipment.

Renovations include the removal of 25,000 square feet of wood flooring, which will be replaced with concrete flooring, and the installation of 15 new floor drains connected to a new sewer drain. These renovations are necessary for the User’s operations. In addition, renovations include the design and installation of 10,000 square feet of processing rooms. Equipment purchases will consist of bulk sugar and corn syrup tanks, forklifts, pallet racks, palletizing equipment, office furniture and air conditioning equipment for the new processing rooms.

Acquisition of Land	\$1,330,000
Acquisition of Existing	
Buildings	\$3,403,000
Fees/Charges related	
to Sale.....	\$400,000
Rehabilitation of Existing	
Buildings	\$2,882,000
Acquisition and Installation	
Of New Equipment ...	\$1,325,000
Engineering/Architecture	\$260,000
Legal, Permits, etc.....	\$200,000
Bond Issuance Expenses	\$200,000
Total:	<u>\$10,000,000</u>

The Borrower will use the taxable bond proceeds in combination with its own funds to cover Project costs which cannot be financed with the tax-exempt bond proceeds, such as land costs in excess of 25% of the principal of the tax-exempt bonds and the acquisition and installation of used equipment.

Anticipated Timeline. The Borrower completed its purchase of the Hershey’s plant on May 2, 2008. The Company began renovating the plant immediately, and expects to complete the renovations by October 1, 2008. The Borrower will purchase and install equipment during the renovation period.

Status Of Permit/Other Required Approvals:

- On April 23, 2008, CEDA adopted a reimbursement resolution in an amount not to exceed \$10,000,000 to induce the Project. On May 13, 2008, CEDA adopted a final resolution in an amount not to exceed \$10,000,000 in tax-exempt bonds and \$3,300,000 taxable bonds.
- A TEFRA hearing was held by the City of Oakdale on April 21, 2008.
- The Project involves the acquisition of a 70 acre parcel of land and buildings that is zoned for limited manufacturing uses. The Company’s operations do not require additional land use or zoning approvals or permits. The City of Oakdale’s letter confirming that no additional land use or zoning approvals or permits are required is attached. (See Attachment B.)

STATUTORY CRITERIA: 1) Public Benefits, 2) Relocation and 3) Bond Issue Qualification. Staff has awarded points based on its evaluation of the Project under CDLAC guidelines. Not all statutory criteria are part of the CDLAC point scheme.

- 1) **PUBLIC BENEFITS:** Staff assigned a total of 50 verifiable points to the Project as detailed below:

Community Economic Need (15 points):

Unemployment Rate of the Project Area (5 points): The unemployment rate of the county sub-area in which the project is located is 7.7%, which is 142.6% of the statewide rate of 5.4%.

Poverty Rate of Project Area (0 points): No points were awarded for the poverty rate of the Project area. To earn points in this category, the poverty rate in the Project area must be at least 110% the statewide rate. The poverty rate for this Project area is 83.3% of the statewide rate.

Special Designation Area (5 points): The Project is located in a designated State Enterprise Zone within the City of Oakdale.

Median Family Income (5 points): The Project is located in the City of Oakdale, census tract 2.02, where the average median family income is \$31,906. Given that the median family income for the State of California is \$53,025, the median family income for the Project area is 60.2% of the statewide average.

Employment Benefits (Job Creation = 5 points) The Company currently employs 90 direct, full-time workers. The Company anticipates creating 160 additional jobs within two years of the Project's completion. The creation of additional jobs translates into a ratio of one job for every \$62,500 in bond proceeds.

Although staff did not award points for Job Retention, the Company represents that it expects that 10 senior and middle management and 15 production employees will transfer from the Oakland plant to the Oakdale plant, and that it is reviewing options with respect to relocation expense packages for these employees.

Further, the Company provided correspondence that shows it considered relocating to sites outside of California and the U.S. The Company states that it received solicitations from municipalities in Oregon and Nevada, and from the Alberta and British Columbia provinces in Canada. When the former Hershey plant became available in July 2008, the Company determined that the Oakdale facility fit its needs perfectly.

Welfare-to-Work Plan (5 points): The Company provided a letter from Mr. Jeffrey Rowe, Director of the Stanislaus Alliance Worknet, and Ms. Patrice Dietrich, Interim Director of the Stanislaus County Community Services Agency, which refers to its

participation in the CalWORKS/Welfare-to-Work and Workforce Investment Act programs. (See Attachment C.)

Health Care Benefits (5 points): The Company provided documentation that it contributes to the medical insurance for 85 of its 90 employees. The contribution translates into an average of \$434 per month toward the health care benefits for each employee. The remaining five employees have opted out of health coverage for personal reasons.

Average Hourly Wage (5 points): The Company's average hourly wage is \$21.19, while the Metropolitan Statistical Area (MSA) for the City of Modesto has an average manufacturing wage of \$15.60. Therefore, the Company's average hourly wage is 135.8% of the average manufacturing wage for the nearby Modesto area.

Land Use/Energy Efficiency/Public Transit Corridor (10 points):

Land Use (5 points): This Project involves the reuse of a vacant manufacturing facility previously owned by Hershey Chocolate and Confectionary Corp.

Energy Efficiency (0 points): The Borrower and User did not provide information regarding the Project's energy efficiency.

Public Transit Corridor (5 points): The Company provided verification that the Project site is located with a public transit corridor. A Riverbank-Oakdale Transit Authority (ROTA) bus stop is .78 of a mile from the Project site.

Leveraging (5 points): The total Project cost is \$18,120,000. The Company will borrow \$10,000,000 in the form of tax-exempt IDB financing. The remaining Project costs will be covered by a companion taxable IDB (\$3,300,000) and by the Company's equity (\$4,820,000).

- 2) **RELOCATION OF COMPANY OPERATIONS (No point evaluation required):**
The Company is relocating from the City of Oakland to the City of Oakdale. The Company provided a letter from the City of Oakland Business Community and Economic Development Agency in which a Manager of the City's Business Development Services states that, in its efforts to find a suitable location that would accommodate the Company's growth, the Company was unable to find an expansion site in Oakland. The Manager states in her letter that the City of Oakland nonetheless is pleased that the family-owned Sconza Candy Co. will remain in California. (See Attachment A.)
- 3) **QUALIFICATION OF BOND ISSUANCE (No point evaluation required):** Based on the proposed financial structure and the application and other materials submitted to CIDFAC for the proposed Project, staff believes the bonds that will be issued in connection with the Project: (a) will be adequately secured; (b) will be fair, just, and equitable to a purchaser of the bonds; and (c) will not work a fraud upon the bond

purchaser. Final determination of qualification of the bonds will be subject to review of final bond documents prior to the issuance of bonds.

FINANCING DETAILS:

The tax-exempt and the taxable IDBs will be sold in a public offering. The bonds will be variable rate, repayable over a 25-year period, and will be secured by an irrevocable Letter of Credit issued by Wells Fargo Bank, N. A.

CIDFAC FEES:

In accordance with CIDFAC regulations², the Borrower has paid or will pay CIDFAC an application fee of \$1,250 and a closing fee of up to \$25,000.

FINANCING TEAM:

Issuer: CEDA
Bond Counsel: Lofton & Jennings.
Underwriter: Westhoff, Cone & Holmstedt
Financial Advisor: Progressive Capital
Credit Enhancement Provider: Wells Fargo Bank, N. A.

RECOMMENDATION:

Staff recommends approval of Initial and Final Resolution No. 08-0010 for an amount equal to \$10,000,000 in tax-exempt bonds and \$3,300,000 in taxable bonds and Allocation Resolution No. 08-0010A for an amount equal to \$10,000,000 in tax-exempt IDB allocation for the Issuer for the Sconza Candy Co. Project, subject to staff analysis and approval of final bond documents, and receipt of bond counsel's opinion, as set forth in Initial and Final Resolution No. 08-0010.

² California Code of Regulations Title 10, Chapter 8, Article 3, §6070

INITIAL AND FINAL RESOLUTION
OF THE
CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING
ADVISORY COMMISSION (CIDFAC)
INDUSTRIAL DEVELOPMENT BONDS
IR/FR #: 08-0010

WHEREAS, the California Enterprise Development Authority (the “Applicant”) has transmitted the application of Sconza Properties, LLC and/or affiliates (the “Project Sponsor”) for the issuance of \$10,000,000 in tax exempt bonds and \$3,300,000 in taxable bonds under the provisions of the California Industrial Development Financing Act, and has transmitted said application to the California Industrial Development Financing Advisory Commission (the “Commission”) and the information necessary to permit review of said application by the Commission, and has informed the Commission that it has adopted a resolution declaring its intention to issue such bonds and that the City of Oakdale has held a public hearing regarding the issuance of the bonds and has approved the issuance of the bonds by the Applicant; and

WHEREAS, the Commission has reviewed the application and the materials submitted with the application.

NOW, THEREFORE, the Commission resolves as follows;

Section 1. The Commission, based on its review of the application and the information submitted therewith, does determine that:

(a) the public benefits from the acquisition of the facility described in the application likely will substantially exceed any public detriment from the issuance of the bonds in the total principal amount of \$13,300,000; and

(b) use of the Project described in the application and the operation of the facility described in the application are reasonably necessary to prevent the relocation of substantial

operations of the Project Sponsor from an area within the State of California to an area outside of the State of California.

Section 2. The Commission conditionally finds that the proposed issuance of the bonds qualifies under the provisions of Article 5 of Title 10 of the Government Code, and further finds that:

(a) the bonds will be adequately secured and the funds available to the Applicant will be sufficient to pay the principal of and interest on the bonds to be issued; and

(b) based on its review of the preliminary material submitted to it and as provided for under Government Code Section 91571, the proposed issuance will be fair, just and equitable to a purchaser of the bonds, and that the bonds proposed to be issued and the methods to be used by the Authority in issuing them will not be such as will work a fraud upon the purchaser thereof.

Section 3. The Commission determines that it is appropriate to the proposed transaction that the qualification of the proposed issuance be subject to the following conditions:

(a) the Bond Counsel Opinion, when ready for execution, shall be submitted to Commission staff;

(b) the final legal documents, when ready for execution, shall be submitted to Commission staff for its review. Submitted documents shall include:

- (i) Indenture,
- (ii) Loan Agreement,
- (iii) Bond Purchase Contract,
- (iv) Official Statement,
- (v) Remarketing Agreement, and;

(vi) Tax Certificate and Agreement

(vii) Other documents which, in the opinion of Commission staff,
are necessary to the review of the transaction;

(c) the Commission staff shall determine that the final documents associated with the transaction have been developed in form and content substantially similar to the representations in the application on which are based the findings under Section 2. above;

(d) the bonds, when issued, are within the maximum limitation of bonds authorized in the California Industrial Development Financing Act (Section 91573(a) of California Government Code);

(e) the Commission shall receive all applicable fees prior to the issuance of the bonds, unless the bond documents indicate that such fees are to be paid from the proceeds of the bonds; and

(f) the Project Sponsor agrees to comply with Section 91533(l) of the Government Code relating to the payment of prevailing wages.

Section 4. This Resolution shall cease to be effective if the above-described bonds have not been issued within six months after the date of adoption of this Resolution.

Section 5. In compliance with the provision of the California Industrial Development Financing Act (Section 91754 California Government Code), the qualification of the proposed bond issue by this resolution is permissive only, and does not constitute a recommendation or endorsement of the bonds so qualified by the Commission.

**THE CALIFORNIA INDUSTRIAL DEVELOPMENT
FINANCING ADVISORY COMMISSION
RESOLUTION NO. 08-0010A
RESOLUTION TRANSFERRING A PORTION OF THE 2008 STATE CEILING
FOR QUALIFIED PRIVATE ACTIVITY BONDS FOR A
SMALL-ISSUE INDUSTRIAL DEVELOPMENT PROJECT**

WHEREAS, that the California Debt Limit Allocation Committee (“CDLAC”) awarded allocation to the California Industrial Development Financing Advisory Commission (the “Commission”) for the purpose of awarding a portion of the allocation to local and State issuers; and

WHEREAS, the Commission has the authority to transfer a portion of its allocation to local and State issuers; and

WHEREAS, the Commission has received an application (“Application”) from the California Enterprise Development Authority (“Applicant”) requesting a transfer to the Applicant of a portion of the 2008 State Ceiling on Qualified Private Activity Bonds (the “State Ceiling”) under Section 146 of the Internal Revenue Code of 1986, as amended, for use by the Applicant to issue bonds or other obligations (“Bonds”) for a project as specifically described in Exhibit A (“Project”) (capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Procedures of the CDLAC Implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds (“CDLAC’s Procedures”)); and

WHEREAS, the Project Sponsor (as defined in Exhibit A) has represented certain facts and information concerning the Project in the Application, which the Applicant has confirmed; and

WHEREAS, in evaluating the Project and potential allocation of a portion of the State Ceiling to the Applicant for the benefit of the Project, the Commission has relied upon the

written facts and information provided in the Application and otherwise by the Project Sponsor and the Applicant; and

WHEREAS, it is appropriate for the Commission to make a transfer of a portion of the State Ceiling (“Allocation”) in order to benefit the Project described in the Application.

NOW, THEREFORE, the California Industrial Development Financing Advisory Commission resolves as follows:

Section 1. There will be a transfer to the Applicant an amount of the State Ceiling equal to \$10,000,000. Such Allocation may be used only by the Applicant and only for the issuance of Bonds for the Project, as specifically described in Exhibit A. All of the terms and conditions of Exhibit A are incorporated as though fully set forth herein (this resolution, together with Exhibit A, hereinafter referred to as the “Resolution”).

Section 2. The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds, and the Project Sponsor, the Applicant and their respective successors and assigns will be bound by such terms and conditions.

Section 3. Any modification to the Project made prior to the issuance of the Bonds must be reported to the Executive Director and, if the Executive Director determines such modification to be material in light of the Commission’s Procedures, such modification shall require reconsideration by the Commission before the Allocation may be used for the Project. Once the Bonds are issued, the terms and conditions set forth in this Resolution shall be enforceable by the Commission through an action for specific performance or any other available remedy, provided however, that the Commission agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of the Bondholders. The Commission may, as circumstances warrant, consent to changes in the terms and conditions set forth in this Resolution in the event the Commission is advised of changes in the Project.

Section 4. Prior to the issuance of the Bonds, any material changes in the structure of the credit enhancement and not previously approved by the Commission shall require approval of the Commission Chair or the Executive Director.

Section 5. The Applicant is not authorized to use the Allocation transferred hereby to make a carryforward election with respect to the Project. The Applicant is not authorized to transfer the Allocation to any governmental unit in the State other than this Commission.

Section 6. The potential Allocation transferred herein shall automatically revert to this Commission unless the Applicant has issued Bonds for the Project by the close of business within 90 days of the award of Allocation. In the case of extreme hardship, the Executive Director may extend this date by up to five (5) business days.

Section 7. Within twenty-four (24) hours of using the Allocation to issue the Bonds, the Applicant shall notify the Commission's staff and CDLAC's staff in writing (which may be by electronic or facsimile communication) that the Allocation has been used. Each notification to the Commission and to CDLAC shall identify the Applicant, the project or program, the date the Allocation was used, and the amount of the Allocation used.

Section 8. Within fifteen (15) calendar days of the issuance of the Bonds, the Applicant or its counsel shall formally transmit to CDLAC information regarding the issuance of the Bonds by submitting, in a form prescribed by and made available by CDLAC a completed Report of Action Taken.

Section 9. Any differences between the amount of Bonds issued and the amount of the Allocation granted in Section 1 of this Resolution shall automatically revert to the Commission. If at any time prior to the expiration date set forth in Section 6 of this Resolution the Applicant determines that part or all of the Allocation will not be used to issue Bonds by that date,

the Applicant shall take prompt action by resolution of its governing board or by action of its authorized officer to return such unused Allocation to the Commission.

Section 10. The staff of the Commission is authorized and directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain, for the term of the Bonds, a copy of this Resolution in the Applicant's official records. The Commission staff is further directed to retain a copy of this Resolution in the files of the Commission (or any successor thereto) for the same period of time.

Section 11. In consideration of the potential Allocation to be transferred to the Applicant and the Project Sponsor, the Applicant and the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Further, the Applicant and the Project Sponsor expressly agree that the terms and conditions of this Resolution may be enforced by the Commission through an action for specific performance or any other available remedy, provided however, that the Commission expressly agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of the Bondholders. In addition, the Applicant and the Project Sponsor shall ensure that the Bond documents, as appropriate, expressly provide that the Commission is a third party beneficiary of the terms and conditions set forth in this Resolution.

Section 12. The Project Sponsor or its successor-in-interest shall provide certifications of compliance with the terms and conditions set forth in this Resolution when reasonably requested by the Commission.

Section 13. This Resolution shall take effect upon its adoption.

EXHIBIT A

**RESOLUTION NO: 08-0010A
(A SMALL-ISSUE INDUSTRIAL DEVELOPMENT PROJECT)**

1. Applicant: CEDA
2. Application No.: 08-0010
3. Project Sponsor: Sconza Properties, LLC and/or affiliates
4. Project User: Sconza Candy Co. and/or affiliates
5. Project Name: Sconza Candy Co. Project
6. Address: 1400 S. Yosemite Avenue
Location: Oakdale, CA 95361
County: Stanislaus County
7. Amount of Allocation: \$10,000,000
8. The Project Sponsor has represented that it reasonably expects the User will use its best efforts to achieve within two years of the completion of the Project the following:
 - Participation in the CalWORKS/Welfare-to-Work and Workforce Investment Act programs for the Stanislaus County Community Services Agency; and,
 - The creation of 160 additional, direct fulltime jobs within two years of Project completion.

Attachment A



250 FRANK H. OGAWA PLAZA, SUITE 3315 • OAKLAND, CALIFORNIA 94612-2034

Community and Economic Development Agency
Business Development Division

(510) 238-3627

April 14, 2008

Attn: Eileen Marxen
Deputy Executive Director
California Industrial Development Financing Advisory Commission
915 Capitol Mall, Room 457
Sacramento, Ca 95814

Dear Ms. Marxen:

Sconza Candy has made Oakland its home for the past 69 years. It is with regret that we must forward to you our acknowledgement of their move out of Oakland. The Business Development Services division of the City of Oakland, the Oakland Commerce Corporation and the East Bay Economic Development Alliance worked with Sconza Candy Company over many years, to try and find a food processing facility in Oakland that would be large enough to accommodate their growth. Unfortunately, the rising real estate challenges of the inner Bay Area made that effort impossible. The City of Oakland deeply regrets that the company was unable to find an expansion site in Oakland, but is proud to see the Oakland family-owned company succeed and remain in California.

Sconza Candy has been operating at 100% of capacity in its 60,000 square feet facility in Oakland, and the two nearby warehouses that the company leases totaling 42,000 square feet. There is no room for expansion and the multiple locations substantially increase operating costs and operational inefficiencies. The city is pleased to hear that Sconza Candy expects to retain about 10 senior and middle management as well as at least 15 production workers at the new facility in Oakdale, some 83 miles away, and that the company is reviewing relocation expense option packages for its 60 remaining employees. The Oakdale plant to be purchased is owned by Hershey Chocolate, who closed its operations and laid off over 500 workers in 2007. It will certainly accommodate the company's future growth in three buildings totaling 357,000 square feet on 65 acres of land.

The City is supportive of Sconza's application to the State's Industrial Development Bond program, which is critical to helping manufacturers remain and be competitive in California, would be utilized to that end by Sconza Candy and provide employment to some of those laid off

Attachment A

by Hershey. Oakland expects the company to work with city and local employment and workforce resources (like the Oakland Workforce Investment Board and the Employment Development Department) to help those laid off find employment by the 50 plus remaining Oakland food manufacturers that have about 2,200 employees, so the potential for those that remain for re-employment in the industry is fairly good. The City is very supportive of the success of this company which started and grew to its present size in Oakland. If you have any further questions about our support of the Sconza Candy IDB application, please do not hesitate to call us.

Sincerely,

A handwritten signature in black ink, appearing to read 'Aliza Gallo', written over a horizontal line.

Aliza Gallo, Manager
City of Oakland Business Development Services
(510) 238-7405 Agallo@oaklandnet.com

Attachment B



Office of the City Manager

280 North Third Avenue • Oakdale, CA 95361 • Ph: (209) 845-3571 • Fax: (209) 847-6834

April 16, 2008

FINANCE
DEPARTMENT
280 N. Third Ave.
Oakdale, CA 95361
(209) 845-3571
(209) 847-6834 Fax

COMMUNITY
DEVELOPMENT
DEPARTMENT
455 S. Fifth Ave.
Oakdale, CA 95361
(209) 845-3625
(209) 845-8903 Fax

FIRE
DEPARTMENT
Station No. 1:
325 East "G" St.
Station No. 2:
450 S. Willowood Dr.
Oakdale, CA 95361
(209) 845-3660
(209) 847-5907 Fax

PARKS &
RECREATION
DEPARTMENT
325 East "G" St.
Oakdale, CA 95361
(209) 845-3591
(209) 845-3692

PUBLIC WORKS
DEPARTMENT
455 S. Fifth Ave.
Oakdale, CA 95361
(209) 845-3600
(209) 848-4344

POLICE
DEPARTMENT
245 N. Second Ave.
Oakdale, CA 95361
(209) 847-2231
(209) 847-3790 Fax
CITY OF OAKDALE
WEBSITE
www.ci.oakdale.ca.us
E-MAIL
info@ci.oakdale.ca.us

Ms. Paula Connors
Executive Director
California Enterprise Development Authority
550 Bercut Drive, Suite G
Sacramento, CA 95814

Re: Sconza Candy Company, Inc.

Dear Ms. Connors:

I'm writing in support of the application for California Enterprise Development Authority Revenue Bonds financing being submitted by Sconza Properties, LLC and Sconza Candy Co.

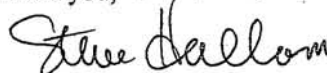
Sconza Properties, LLC is in the process of acquiring approximately 70 acres of land and three structures located thereon, aggregating approximately 357,000 square feet, all located at 1400 South Yosemite Avenue in Oakdale, California, and renovating and equipping such structures all to be leased to Sconza Candy Co. and its successors and assigns for use as facilities for the manufacture of candy, nut and fruit products. (This property was formerly a Hershey, Inc. plant, until December of last year, when Hershey moved their operations out of the country.)

We encourage the California Enterprise Development Authority to approve Sconza's application for financing as soon as possible to avoid any possible delays with the project and future expansion of their business in Oakdale.

Sconza's project is zoned for commercial and industrial uses and is ideally suited for Sconza's production operations. Further, adequate infrastructure is in place and no zoning or land use approvals are required for this project. In addition, this site is located in a State-designated Enterprise Zone.

Please do not hesitate to call if you have any questions regarding the project or the support of the City of Oakdale.

Thank you,


Steven L. Hallam
City Manager, City of Oakdale

Attachment C



251 East Hackett Road Modesto, California 95358



April 21, 2008

Mr. James Sconza
President
Sconza Candy Company
919 81st Avenue
Oakland, California 94621-2581

Re.: Welfare-to-Work, WIA Hiring Program

Dear Mr. Sconza:

Thank you for taking time to discuss your re-location plans in Oakdale and expressing a desire to identify job candidates from individuals' participating in our CalWORKS/Welfare to Work (WtW) and Workforce Investment Act (WIA) Programs. I'd like to acknowledge your commitment to posting jobs that come available with Sconza with the Alliance Worknet for referral of WtW and WIA program candidates. In addition, the Alliance Worknet can assist you in posting position openings on the CalJobs system. Your ongoing commitment to considering job candidates from Welfare-to-Work and WIA is appreciated.

I will call you in the coming weeks to schedule a meeting to discuss your hiring plans in greater detail. Please do not hesitate to call if you have any questions regarding our programs.

Sincerely,

Jeffrey Rowe
Director
Stanislaus Alliance Worknet

Patrice Dietrich
Interim Director
Stanislaus County
Community Services Agency